

SENATE BILL No. 241

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-12-13.

Synopsis: Review of privatization plans. Requires a state agency to develop a privatization plan before privatizing any state program. Requires the state agency to hold a hearing on the plan and report the results of the hearing to the public and the legislative council. Requires the legislative council to review privatization plans before implementation and to make advisory recommendations to the governor.

Effective: July 1, 2006.

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January 9, 2006, read first time and referred to Committee on Governmental Affairs and Interstate Cooperation.

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Introduced

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

SENATE BILL No. 241

A BILL FOR AN ACT to amend the Indiana Code concerning state offices and administration.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-12-13 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2006]:

4 **Chapter 13. Privatization of State Services**

5 **Sec. 1. (a) The definitions in this section apply throughout this**
6 **chapter.**

7 **(b) "Implementation date" means the date on which a state**
8 **agency turns over administration of a program to a private entity**
9 **that will operate the program.**

10 **(c) "Private sector" refers to any entity or individual not**
11 **principally a part of or associated with a governmental unit.**

12 **(d) "Privatize" refers to a state agency contracting with the**
13 **private sector to provide services that are conducted directly by**
14 **the employees of a state agency before the privatization. The term**
15 **does not include contracting with the private sector to provide**
16 **services on a temporary or an emergency basis.**

17 **(e) "Program" means a legislatively or administratively created**



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function, project, or duty of a state agency.

(f) "State agency" has the meaning set forth in IC 4-13-1-1(b).

Sec. 2. Before a state agency privatizes a program, the state agency must prepare a privatization plan that includes the following:

(1) A description of the program to be privatized, including a reference to the legal authority under which the program was created.

(2) Detailed budget information that includes a list of revenues and expenditures for the two (2) most recent fiscal years.

(3) A list of:

(A) all state employees currently employed by the state agency to administer the program; and

(B) the estimated effect of the privatization on the employment status of each employee.

(4) A list of the:

(A) assets of the program; and

(B) proposed disposition of the assets.

(5) An estimate of:

(A) cost savings; or

(B) additional costs;

resulting from privatizing the program compared to the costs of the existing program. Cost estimates must include the estimated cost to the state of inspection, supervision, and monitoring of the program if the privatization is implemented. The estimate must also include an estimate of any costs that would be incurred if the privatization contract is discontinued.

(6) An estimate of the current and future economic impact of privatization on other state programs, including:

(A) public assistance programs;

(B) unemployment insurance programs;

(C) retirement programs; and

(D) agency personal services budgets designated to pay accrued vacation and sick leave benefits.

(7) An estimate of the increases or decreases in the cost and quality of services or goods provided to the public that will result from the privatization.

(8) An estimate of the changes in individual wages and benefits that will result from the privatization.

(9) Descriptions and plans for ways the privatization will

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1 deliver the same or better services at a lower cost.

2 (10) A narrative explanation and justification for the
3 privatization.

4 Sec. 3. At least one hundred eighty (180) days before the
5 implementation date of the privatization, the state agency shall
6 release the privatization plan prepared under section 2 of this
7 chapter to the public and to the legislative council. The plan
8 released to the legislative council must be in an electronic format
9 under IC 5-14-6.

10 Sec. 4. At least ninety (90) days before the implementation date
11 of the privatization, the state agency shall conduct at least one (1)
12 public hearing on the privatization plan at which public comments
13 and testimony must be received. A public hearing under this
14 chapter must be held in compliance with IC 5-14-1.5.

15 Sec. 5. At least forty-five (45) days before the implementation
16 date of the privatization, the state agency shall release to the:

17 (1) public; and

18 (2) legislative council;

19 a summary of the hearing or hearings conducted under section 4
20 of this chapter. The summary released to the legislative council
21 must be in an electronic format under IC 5-14-6.

22 Sec. 6. At least thirty (30) days before the implementation date
23 of the privatization, the legislative council shall review the
24 privatization plan and the findings of the hearings held by the state
25 agency. After review of the plan and the hearing or hearings, the
26 legislative council shall make an advisory recommendation to the
27 governor concerning the proposed privatization.

28 Sec. 7. At least fifteen (15) days before the implementation date
29 of the privatization, the governor shall approve or disapprove the
30 privatization plan. The governor shall issue a written statement
31 stating the reasons for approval or disapproval of the plan.

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